

# Added Item 7.4



## INFORMATION REPORT

<b>TO:</b>	Chair and Members Hamilton Future Fund Board of Governors
<b>COMMITTEE DATE:</b>	January 27, 2020
<b>SUBJECT/REPORT NO:</b>	Hamilton Future Fund Preliminary Reserve Balance as of December 31, 2019 (FCS20020) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Duncan Robertson (905) 546-2424 Ext. 4744
<b>SUBMITTED BY:</b>	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
<b>SIGNATURE:</b>	

### COUNCIL DIRECTION

In 2002, Council approved the recommendations in Report FCS02107 “Creation of a Permanent Hamilton Future Fund – Final Report” and directed staff to provide Council and the Trustee Panel with regular reports on the status of the Hamilton Future Fund (HFF) reserve and projects funded from the HFF.

### INFORMATION

#### Hamilton Future Fund Reserves

The funds received from Hamilton Utilities Corp. (HUC), in 2002, were segregated into two reserve accounts:

Account 112246	Hamilton Future Fund A	\$100,000,000
Account 112247	Hamilton Future Fund B	\$ 37,430,705

#### Fund A

Fund A was established as a permanent fund to be protected and invested, initially for five years, thus providing investment income as a permanent source of funding. Table 1 of Report FCS20020 summarizes the activity in Fund A in 2018 with projections for another ten years.

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OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

**SUBJECT: Hamilton Future Fund Preliminary Reserve Balance as of  
December 31, 2019 (FCS20020) (City Wide) - Page 2 of 3**

**Table 1**

**HAMILTON FUTURE FUND A (\$000's) - 10-YEAR FORECAST**

	Actual	Projected									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Opening Asset Value	37,241	43,185	49,404	55,289	60,561	65,830	71,072	76,471	82,032	87,760	93,660
Revenues	3%										
Investment Income	1,086	1,296	1,482	1,659	1,817	1,975	2,132	2,294	2,461	2,633	2,810
Loan Repayment (P&I) - City of Hamilton (COH)	8,634	8,724	8,209	7,424	3,267	3,267	3,267	3,267	3,267	3,267	3,267
Loan Repayment (P&I) - Good Shepherd	224	199	194	190	185						
Expenditures											
Poverty Reduction (\$20 M) <sup>(1)</sup>	-4,000	-4,000	-4,000	-4,000							
West Harbour Lands (Loan) <sup>(2)</sup>											
McMaster Health Campus (Loan) <sup>(2)</sup>											
Balance (Cash and Investments)	43,185	49,404	55,289	60,562	65,830	71,072	76,471	82,032	87,760	93,660	99,737
Outstanding Loans Receivable											
COH - to Fund Capital	39,253	33,962	26,830	20,147	15,937	12,648	9,859	7,651	5,738	4,043	2,567
Good Shepherd	720	540	350	180							
Total Asset Value	83,158	83,906	82,469	80,889	81,767	83,720	86,330	89,683	93,498	97,703	102,304

<sup>(1)</sup> Recommendation to extend payback term on City loans from 2031 to 2036 existing (Report BOH16034 / CES16043 and Report CES16043(a) approved by Council on Sept. 27, 2017). The purpose of the loan repayment extension was to accommodate funding for the Poverty Reduction Investment Plan in the amount of \$20 M.

<sup>(2)</sup> The \$10 M for purchase of the West Harbour Lands and \$10 M for the McMaster Health Campus are to be repaid to the Hamilton Future Fund with the net proceeds from the sale of the West Harbour Lands. (Approvals: West Harbour - Jan. 31, 2011 Council; McMaster Health - Aug. 11, 2011 Council)

**Note to Table 1: 2019 balance and transactions are subject to change as 2019 transactions are not yet finalized.**

**Fund B**

Fund B was established to provide funding for the various initiatives that provide permanent legacy for current and future generations of Hamiltonians to enjoy economic prosperity and improved quality of life as recommended by the Community Trustee Panel (now the HFF Board of Governors) and approved by Council.

Table 2 of Report FCS20020 provides a summary of the transactions from the date the fund was established in 2002 to December 31, 2019.

**Table 2  
Hamilton Future Fund B  
Preliminary Balance as of December 31, 2019  
with Comparative Balance as of December 31, 2018**

	Preliminary 2019	2018
Initial Investment	\$ 37,430,705	\$ 37,430,705
Revenues		
Total Investment Income	9,253,955	9,188,571
Funds returned	<u>3,983,664</u>	<u>3,983,664</u>
	13,237,619	13,172,235
Project Funding & Other Expenses		
Prior year grants	(47,366,795)	(45,813,295)
2017/2018 Grants	-	(1,553,500)
2019 Grants	<u>(1,142,182)</u>	<u>-</u>
	(48,508,977)	(47,366,795)
Other Expenses	<u>(7,300)</u>	<u>(7,300)</u>
Total Project Funding and Expenses to date	(48,516,277)	(47,374,095)
Fund Balance	<u>\$ 2,152,047</u>	<u>\$ 3,228,845</u>
Committed	<u>(356,000)</u>	<u>-</u>
Uncommitted Balance	<u>\$ 1,796,047</u>	<u>\$ 3,228,845</u>

Note to Table 2: 2019 balance and transactions are subject to change as 2019 transactions are not yet finalized.

**APPENDICES AND SCHEDULES ATTACHED**

N/A

DR/dt